



Potential (Principle-Based) Cost Savings Measures

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE

OCTOBER 19, 2020

Background



- ▶ During the 2020 legislative General Session, I made several motions intended to explore ways to align Social Services programs with certain guiding principles
- ▶ Meetings have been held and departments have kindly conducted the requested analysis
- ▶ Summary results will be shared today

My Guiding Principles

1. Require work wherever possible (**Encourage work**)
2. Encourage personal responsibility; avoid creating dependency (**Personal Responsibility**)
3. Preserve and protect life, not a way of life (**Life, not lifestyle**)
4. Engage the community in solutions and funding (**Private funding**)
5. Avoid duplicating something that already exists in the community (**Outsource**)
6. Reduce program administration cost wherever possible (**Efficient Administration**)
7. Emphasize efforts that are proactive/preventative in nature (**Prevent**):
 - ▶ Encourage good nutrition and exercise
 - ▶ Treat the underlying issue (mental health and substance abuse)
 - ▶ Educate in a way to help individuals desire and realize change

Potential Opportunities

1. Expand <u>work requirements</u> where possible (Encourage Work)	B r i e f
2. Pursue <u>cost sharing</u> where financial means exist (Personal Responsibility)	
3. Wisely encourage <u>teleworking</u> (Efficient Administration)	D e t a i l e d
4. Optimize <u>managerial span of control</u> (Efficient Administration)	
5. Cap program participation at <u>138% of FPL</u> (Personal Responsibility)	

Expand Work Requirements (Encourage Work)

- ▶ Utah requested and implemented a work requirement for Medicaid-expansion population, though suspended during COVID
- ▶ Legislation would be needed in Utah to direct the agency to request a waiver for the non-expansion population
- ▶ A few other states have requested a work requirement for non-expansion population but are being challenged in the courts; most rulings are against a work requirement (contrary to program intent)
 - Russell to see if any other state cases are being appealed to the U.S. Supreme Court

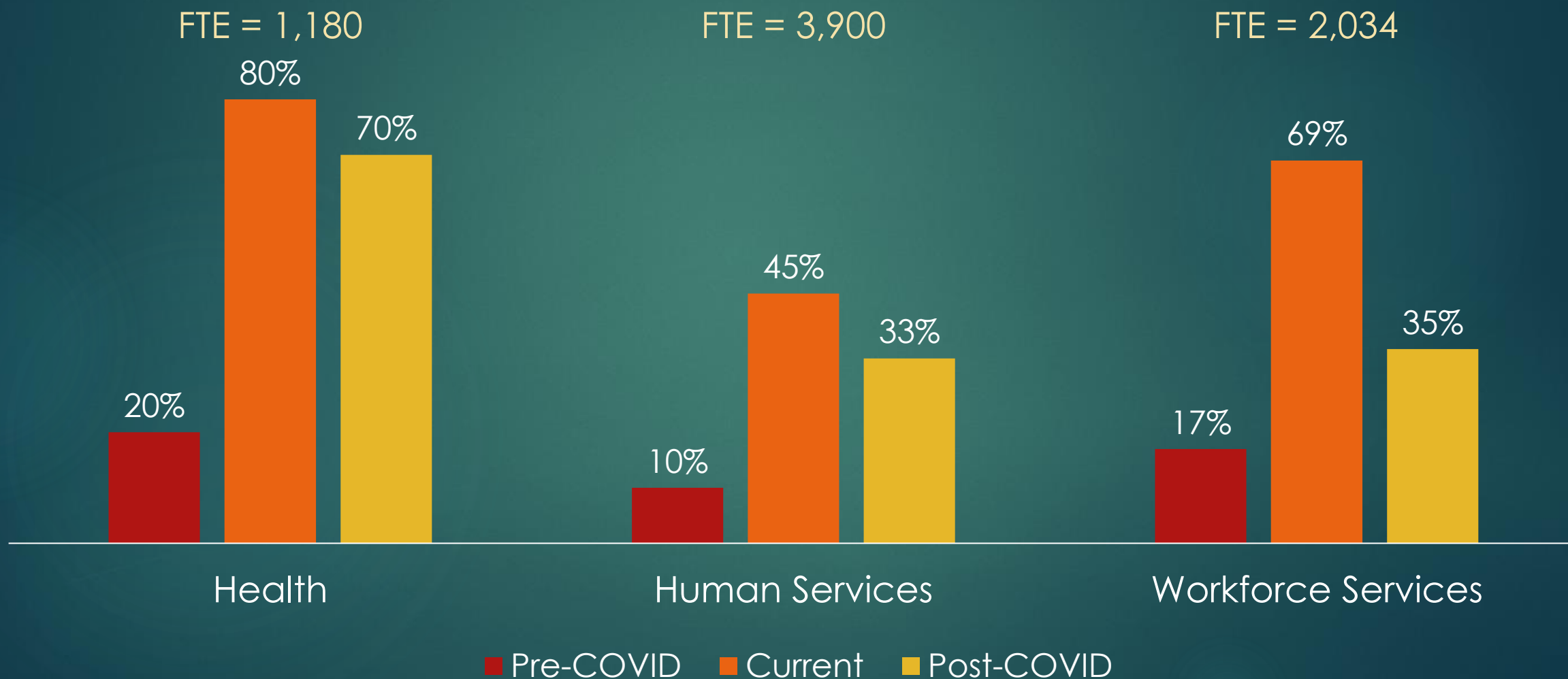
Pursue Cost Sharing (Personal Responsibility)

- ▶ If “premiums” are charged to individuals or family members where the means exist, a cap on the number of enrollees in certain programs would have to be removed, causing overall program costs to increase more than the potential benefit of cost-sharing



Wisely Encourage Teleworking
(Efficient Administration)

Potential Opportunity for Teleworking



Potential Teleworking Savings Opportunities (and costs)

Health

- ▶ 515 E. Tower Bldg. (\$55K annually - 5th session)
- ▶ Highland Bldg. (\$107K annually – FY2021)

Human Services

- ▶ Dan Jones Bldg. (\$1M annually, mostly federal)
- ▶ Need to analyze impact on 75 buildings

Workforce Services*

- ▶ Relocate Refugee Ed. (\$80K)
- ▶ Co-locate USOR/ESD** (\$50K)
- ▶ Co-locate Richfield Admin with Emp. Ctr. (\$30K)
- ▶ Need to analyze 60 bldgs.

Other potential savings

- ▶ Reduction in fleet expenses, reduced travel for meetings, reduction in workers comp.

Potential costs

- ▶ Space modification/transition costs, network infrastructure improvements, investments in paperless technology, high-speed scanners, laptops, cell phones or soft phones, etc.

*Savings are about 70% federal and 30% state; **Utah State Office of Rehabilitation and Eligibility Services Division



Optimize Span of Control (Efficient Administration)

Different types of managerial roles have different ideal spans of control

Drivers of managerial work		Types of managerial roles				
		Player / Coach	Coach	Supervisor	Facilitator	Coordinator ²
Your work	Time spent “managing” vs. “doing”	<ul style="list-style-type: none"> Manager spends time on own work 	<ul style="list-style-type: none"> Manager often works side-by-side to apprentice others 	<ul style="list-style-type: none"> Manager spends little time on own work 	<ul style="list-style-type: none"> Manager spends most of the time “managing” (e.g., via metrics) 	<ul style="list-style-type: none"> Manager spends nearly all the time “managing,” (e.g., nearly all work is managed indirectly)
Your team's work	How standard and repeatable are the work processes?	<ul style="list-style-type: none"> No standard work process exists Tasks require conceptual problem solving 	<ul style="list-style-type: none"> Some work process guidelines Tasks often require intervention 	<ul style="list-style-type: none"> A standard work process exists 	<ul style="list-style-type: none"> Subordinates are largely self-managed 	<ul style="list-style-type: none"> Work is completely standardized
Your team	How much variety in the team's work?	<ul style="list-style-type: none"> Every subordinate performs unique tasks 	<ul style="list-style-type: none"> Many subordinates perform different tasks 	<ul style="list-style-type: none"> Most subordinates perform similar tasks 	<ul style="list-style-type: none"> Most subordinates perform nearly identical tasks 	<ul style="list-style-type: none"> All subordinates perform the same essential tasks
Your team	How much experience and training do team members' jobs require?	<ul style="list-style-type: none"> Tasks require specific skills that take several years of experience 	<ul style="list-style-type: none"> Tasks require specific skills that take up to a year to develop 	<ul style="list-style-type: none"> Tasks require specific skills that take up to a month to develop 	<ul style="list-style-type: none"> Tasks require general skills that can be learned very quickly 	<ul style="list-style-type: none"> Skills can be taught within a week
Average span of control		3-5 ³	6-7	8-10	11-15	>15

1 While these are the major types of managerial roles, specific activities occasionally require experts in team with 1-2 subordinates – but such narrow spans should be rare

2 Highly entrepreneurial tasks (e.g., sales forces) allow high span of control even when process is not standardized and skills required are fairly specific

3 Likely to be affected by tenure of manager and subordinates

Managerial Span-of-Control Analysis (Department of Health)

Division	Current SOC	Comments
Exec. Director's Office	3.0	<ul style="list-style-type: none">• Many working managers• Some managers support 8+ direct reports• Federal requirements that stipulate required number of staff• "Mandatory or arbitrary increases in SOC would negatively impact the Department's ability to carry out its responsibilities"• DOH is not reporting a cost savings opportunity
Family & Health Prep.	7.0	
Disease & Control Prev.	4.7	
Health Data & Informatics	4.0	
Medicaid & Health Financing	5.3	

Managerial Span-of-Control Analysis

(Department of Human Services)

Division	Current SOC	Comments
Exec. Director's Office	4.7	<ul style="list-style-type: none">• Many working managers with heavy caseloads• Federal regulation and high specialization either prohibits or makes certain combinations challenging• High caseworker turnover increases complexity of managerial duties• DHS is not reporting a cost savings opportunity
Aging and Adult Svcs.	5.5	
Child & Family Svcs.	5.5	
Substance Abuse & Mental Health	4.7	
Services for People with Disabilities	6.4	
Juvenile Justice Svcs.	6.9	
Public Guardian	4.5	
Recovery Services	7.4	

Managerial Span-of-Control Analysis

(Department of Workforce Services)

Division	Current SOC	Comments
Adjudications	9.5	<ul style="list-style-type: none">• Many working managers• Supervision of external contracts/contractors not included in calculation• Some personnel are less experienced and require more direct supervision, training, direction• Some federal funding carries with it very specific team structure and management requirements• DWS does not think increasing SOC would result in savings
Admin. Support	4.7	
Child Care	5.5	
Comm., State Emp., Vets	8.0	
Eligibility Services	12.4	
Housing & Comm. Dev.	4.8	
Internal Audit	8.0	
Refugee Services	4.5	
Unemployment Ins.	8.1	
Rehabilitation	6.7	
Workforce Development	7.7	
Research & Analysis	7.3	



Cap Participation at 138% of FPL
(Personal Responsibility)

Cap Participation at 138% of FPL (Department of Health)

Program	Comments
Medicaid	
New Choices	Yes, but will revert to nursing homes, costing \$2,200/person/month more
Community Supports	Yes, but will cause movement to Intermediate Care Facilities, costing \$100/person/month more
Pregnant Women	Currently at 144% of FPL; no way to reduce
Physical Disabilities	Yes, but will revert to nursing homes, costing \$1,900/person/month more
Acquired Brain Injury	Yes, but will revert to nursing homes, costing \$500/person/month more
Aging	Yes, but will revert to nursing homes, costing \$4,000/person/month more
Breast & Cervical Cancer	Yes, but will require approval from the Centers for Disease Control
CHIP	Yes, but only after 2027 due to “maintenance of effort” requirement
Premium Partnership	Yes, but only after 2027 due to “maintenance of effort” requirement
Nursing Home	No; almost all participant income is spent to pay for nursing home care; remainder paid by state
Spenddown	No; these members have to spend their own income above 100% of FPL on medical costs
Transitional	No; cannot be waived, though upper limit set at 185% of FPL
Emergency	No; cannot be waived
WIC	No; eligibility cannot be modified
Cancer screening	Yes, but only after 2027 due to “maintenance of effort” requirement (currently at 250% of FPL)
HIV Treatment and Care	

Cap Participation at 138% of FPL

(Department of Human Services)

Program	Comments
Child & Family Services	No income-tested services, and would likely be inappropriate to do so
Recovery Services	Federal regulation requires that these services be available to all who apply
Substance Abuse/Mental Health	91% and 96% of those served with mental health or substance abuse issues are below 138%
State Hospital	Small number of patients served are above 138% of FPL
People with Disabilities	Vast majority of recipients meet Medicaid financial eligibility requirements
Developmental Center	Income level is not tracked
Aging and Adult Services	Federal statute does not allow means testing, though somehow “we prioritize low income”

Cap Participation at 138% of FPL (Department of Workforce Services)

DWS administers 44 programs. Some are already below the 138% cap being considered. The rest (37) cannot be adjusted or do not make sense to do so.

# of Programs	Reasons Why Capping Participation at 138% of FPL is Impossible
15	Service required to be available to all; no income limitation allowed
8	Programs based on area median income, not FPL; no adjustments allowed
6	Federal required limits are set higher than 138%
3	Federal grant that covers administrative funding
3	Impractical to administer income limitation due to limited funding received
2	Funds distributed are from donations

Summary

- ▶ Work Requirement - further analysis and Supreme Court ruling needed
- ▶ Cost Sharing – doing so will drive up cost by expanding eligibility, though it may result in greater personal responsibility
- ▶ Teleworking – likely the biggest opportunity for cost reduction
- ▶ Span of Control – likely some potential savings there, but more detailed analysis would be required
- ▶ Cap at 138% of FPL – few opportunities to do so; those where a change is possible may result in a cost increase or can only be done after “maintenance of effort” requirement ends